

Independent Auditor's Report

To The Members of DIL Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of DIL Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under section 143(11) of the Act.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our qualified audit opinion on the standalone Ind AS financial statements.

Basis for Qualified Opinion

- (i) (a) The Company has: made an investment in equity shares of Rs. 475.00 Lakhs in; given share application money of Rs. 309.86 Lakhs to; and placed an inter-corporate deposit (ICD) of Rs. 22.50 Lakhs with, an associate whose accumulated losses (other equity) at Rs. 1,168.60 Lakhs substantially exceed its equity share capital of Rs. 638.90 Lakhs, as at 31st March, 2018, as per the management prepared financial information. However, the Management of Company has not made any detailed evaluation of impairment in the carrying value of these amounts for the purposes of ascertaining the provision for impairment, if any, that may be required to be made in the standalone Ind AS financial statements.
- (b) Further, in relation to another associate, the Company has an investment in equity shares of Rs. 225.00 Lakhs, where although the net worth has not been eroded, as at 31st March, 2018, as per the management prepared financial information, this net worth includes a significant exposure by way of ICD of Rs. 330.52 Lakhs, to the associate mentioned in para (i)(a) above which raises a doubt on the recoverability of the carrying value of this investment amounting to Rs. 225.00 Lakhs, and the consequential provision for impairment, if any, that may be required to be made in the standalone Ind AS financial statements.

Considering the view of the Management of the Company that these are long term investments and profitability will be achieved by these entities over a period of time, the Management of the Company believes that no impairment is

deemed necessary [See note 50 (b)]. In the absence of sufficient appropriate audit evidence, we are unable to comment upon the matters including the consequential impact, if any, of such impairment on the standalone Ind AS financial statements.

These matters were also qualified in the independent auditor's report issued by the predecessor auditors on the standalone financial statements for the year ended 31st March, 2017.

- (ii) The Company has given share application money of Rs. 597.00 Lakhs to an another entity whose accumulated losses at Rs. 5,203.19 Lakhs, substantially exceed its equity share capital of Rs. 1,920.55 Lakhs, as at 31st March, 2017, as per the latest audited financial statements for the year ended 31st March, 2017 of that entity. Further, the independent auditors of that entity, in their audit report dated 30th May, 2017, on the aforesaid financial statements, have inter-alia reported that the entity's operations have been suspended since December, 2006, and have also expressed their inability to comment whether that entity can be considered as a "Going Concern" and whether its assets would be adequate to meet its liabilities [See note 50 (c)]. For the reasons stated in the said note 50 (c), the Management of the Company believes that no impairment is deemed necessary. Having regard to the foregoing and in the absence of sufficient appropriate audit evidence, we are unable to comment whether the aforesaid outstanding share application money would be recoverable including the consequential impact, if any, of such impairment that may be required to be made in the standalone Ind AS financial statements.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described under the 'Basis for Qualified Opinion' section above, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view, in conformity with the Ind AS and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2018, and its loss, its total comprehensive loss, its cash flows and its changes in equity for the year ended on that date.

Other Matter

The comparative financial information of the Company for the year ended 31st March, 2017 and the transition date opening balance sheet as at 1st April, 2016, included in these standalone Ind AS financial statements have been prepared by the Management of the Company after adjusting the previously issued standalone financial statements, prepared in accordance with the Companies (Accounting Standards) Rules, 2006, to comply with Ind AS. The previously issued standalone financial statement were audited by the predecessor auditors whose reports for the years ended 31st March, 2017 and 31st March, 2016 dated 30th May, 2017 and 27th

May, 2016, respectively, expressed a qualified opinion on those standalone financial statements in respect of the matters referred in paragraph (i) under the 'Basis for Qualified Opinion' section above. The adjustments made by the Management of the Company to comply with Ind AS to the previously issued standalone financial statements have been audited by us.

Our opinion on the standalone Ind AS financial statements is not modified in respect of the basis for preparation of the comparative financial information and the transition date opening balance sheet as referred above.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report, to the extent applicable that:
 - a) We have sought and except for the matters described under the 'Basis for Qualified Opinion' section above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) Except for the possible effects of the matters described under the 'Basis for Qualified Opinion' section above, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
 - d) Except for the possible effects of the matters described under the 'Basis for Qualified Opinion' section above, in our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
 - e) The matters described under the 'Basis for Qualified Opinion' section above, in our opinion, may have an adverse effect on the functioning of the Company.
 - f) On the basis of the written representations received from the directors of the Company as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164(2) of the Act.
 - g) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated under the 'Basis for Qualified Opinion' section above.
 - h) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our

separate Report in "Annexure A". Our report expresses a qualified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

- i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer note 52 to the standalone Ind AS financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

- iii. There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Rajesh K. Hiranandani
Partner
(Membership No. 36920)

Place: Mumbai
Date: 15th May, 2018

Annexure "A" to the Independent Auditor's Report

(Referred to in paragraph 1(h) under the 'Report on Other Legal and Regulatory Requirements' of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of DIL Limited ("the Company") as of 31st March, 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists,

and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Basis for Qualified Opinion

According to the information and explanations given to us and based on our audit, material weaknesses have been identified in the Company's internal financial controls over financial reporting as at 31st March, 2018 in respect of the assessment of impairment in the carrying value of investments, share application monies given

and inter corporate deposits placed wherein the Company does not have relevant internal financial controls in place which could potentially result in recognising these financial assets at a value more than its recoverable amounts and consequential understatement of loss and overstatement of other equity.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

Qualified Opinion

In our opinion, to the best of our information and according to the explanations given to us, except for the possible effects of the material weaknesses described under the 'Basis for Qualified Opinion' paragraph above on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of 31st March, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the standalone Ind AS financial statements of the Company for the year ended 31st March, 2018, and the material weaknesses have affected our opinion on the said standalone Ind AS financial statements of the Company and we have issued a qualified opinion on the standalone Ind AS financial statements.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Place: Mumbai
Date: 15th May, 2018

Rajesh K. Hiranandani
Partner
(Membership No. 36920)

Annexure B to the Independent Auditor's Report

(Referred to in paragraph 2 under the 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets were physically verified during the year by the Management of the Company in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered indenture of sale and other documents provided to us by the Management of the Company, we report that, the title deeds, comprising all the immovable properties of land and buildings, disclosed under 'Property, plant and equipment' in the standalone Ind AS financial statements, are held in the name of the Company as at the balance sheet date.

According to the information and explanations given to us, the following immovable properties of land and buildings, disclosed under 'Property, plant and equipment' in the standalone Ind AS financial statements, whose title deeds have been pledged as security for loans given to the Company are not held in the name of the Company based on the confirmations directly received by us from lenders and other documents provided by the Management of the Company and examined by us.

(Rs. In Lakhs)

Particulars	As at 31st March, 2018		Remarks
	Cost or deemed cost	Carrying amount	
Freehold land Located at Village Takwe (Budruk), Tal – Maval District - Pune admeasuring 21.39 Acres	8.06	8.06	The land is held in Trust in the name of the Managing Director and one of the directors of the Company and which has been confirmed by them as at the year end.

- (ii) The Company does not have any inventory and hence reporting under clause 3(ii) of the Order is not applicable.

- (iii) According to the information and explanations given to us, the Company has granted an unsecured interest free loan repayable on demand to a company covered in the register maintained under Section 189 of the Companies Act, 2013, in respect of which:
- (a) The terms and conditions of the grant of such loan are, in our opinion, prima facie, not prejudicial to the interest of the Company.
- (b) The loan is interest free and schedule of repayment of the principal is not stipulated. In the absence of a repayment schedule, we are unable to comment on the regularity of the receipts of principal amounts.
- (c) Having regard to the repayment term of the loan being on demand and representation made by the management of the Company that there is no demand made by the Company for repayment of the loan, there is no overdue amount remaining outstanding as at the balance sheet date.

According to the information and explanations given to us, the Company has not granted loans, secured or unsecured, to firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 186 of the Companies Act, 2013 in respect of grant of loans. The Company has not given any guarantee and have not made any investments covered under section 186 of the Companies Act, 2013, and has not granted any loan covered under section 185 of the Companies Act, 2013.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit to which the provisions of sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 2014, as amended, are applicable and hence reporting under clause 3(v) of the Order is not applicable.
- (vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013.

(vii) According to the information and explanations given to us, in respect of statutory dues:

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| <p>(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Goods and Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities, though there has been a slight delay in few cases.</p> <p>(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Goods and Service Tax,</p> | <p>Customs Duty, Excise Duty, Value added Tax, Cess and other material statutory dues in arrears as at 31st March, 2018 for a period of more than six months from the date they became payable.</p> <p>(c) According to the records of the Company, the dues of Income-tax, Sales Tax, Service Tax, Goods and Service Tax, Customs Duty, Excise Duty, Value Added Tax and cess on account of disputes as on 31st March, 2018 are given below:</p> |
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Statute	Nature of Dues	Forum where dispute is pending	Period to which the amount relates	Amount involved and unpaid (Rs. In Lakhs)
The Gujarat Sales Tax Act	Sales tax and penalty	Sales Tax Appellate Tribunal	1992-1994	4.34
Central Excise Act, 1944	Service tax and penalty	High Court, Bombay	2000-2001	18.75

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks. The Company has not issued any debentures and has not borrowed from the government.

(ix) In our opinion and according to the information and explanations given to us, money raised by way of the term loans have been applied by the Company during the year for the purposes for which they were raised. The Company has not raised money by way of initial public offer or further public offer (including debt instruments).

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with sections 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties identified

by the Management of the Company and the details of related party transactions have been disclosed in the standalone Ind AS financial statements as required by the applicable Indian Accounting Standards.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3(xiv) of the Order is not applicable.

(xv) In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary or associate companies or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Place: Mumbai
Date: 15th May, 2018

Rajesh K. Hiranandani
Partner
(Membership No. 36920)